



CITY OF SANTA BARBARA

COUNCIL AGENDA REPORT

AGENDA DATE: October 12, 2010

TO: Mayor and Councilmembers

FROM: Information Systems Division, Administrative Services Department

SUBJECT: Sole Source Authorization To Purchase Refurbished Dell Computer Equipment

RECOMMENDATION:

That Council authorize the City's General Services Manager to purchase refurbished computer equipment directly from Dell Computers, Inc. or other Dell distributors without bidding procedures for up to five years.

DISCUSSION:

The City of Santa Barbara has been purchasing Dell computer equipment for both servers and staff workstations since 2003. Dell equipment standardization was justified due to lower cost, performance that exceeded expectations, and excellent reliability and service. Past equipment acquisition was bid to Dell equipment providers with the lowest cost bidder receiving the Purchase Order.

Economic conditions now provide a lower cost option for equipment acquisition, Dell Factory Certified Refurbished Equipment, which is directly purchased from Dell Computers Inc. and other Dell distributors. These refurbished items are new technology, often not previously used and in the original packing, and carry a full Dell multi-year factory warranty.

Dell refurbished equipment has a cost savings of 35% or higher over acquisition of new equipment via the bid process. This has resulted in unit cost savings of up to \$385 per workstation. Additionally, this acquisition supports the "Green Purchasing Policy" because it is acquisition of already manufactured equipment and the re-use of existing equipment. Staff has reviewed other sources of equipment and has not found any source or supplier that can offer new technology equipment with full warranty at this cost.

The ability to purchase Dell Refurbished Equipment directly from Dell Computers Inc. is restricted because supply is variable, not always available, is subject to purchase by other agencies, and is on a first come, first served basis. The equipment must be

purchased within 36 hours of quoted availability, hence the need for quick action when equipment is available and matches the need. Equipment is often offered in multiple small batches which require multiple Purchase Orders.

Information Systems acquired and tested these refurbished units which have proven to meet expectations. Up to 250 units are expected to be purchased this year to replace equipment up to seven years old which requires replacement due to increased failure rates, inadequate memory to support existing applications, and the inability to run the current operating system. We expect to purchase up to 200 units annually in future years. This purchase amount requires City Council approval.

Staff recommends that Council approve the sole source acquisition of refurbished Dell computer equipment from Dell Computers, Inc. or other Dell distributors for up to five years. All acquisitions will be subject to adopted budget limits.

BUDGET/FINANCIAL INFORMATION:

Funding was included in the adopted Fiscal Year 2011 Information Systems budget as part of equipment replacement expenditures. Future budgets will also include funds for equipment and infrastructure replacement.

PREPARED BY: Tom Doolittle, Information Systems Manager

SUBMITTED BY: Marcelo López, Assistant City Administrator

APPROVED BY: City Administrator's Office